

COMMITTEE ON LEGISLATIVE RESEARCH
 OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0876-01
Bill No.: HB 257
Subject: Retirement—State; Retirement Systems & Benefits—General; Transportation Dept.
Type: Original
Date: February 6, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Various State Funds	(\$10,993,608)	(\$51,597,386)	(\$51,597,386)
Total Estimated Net Effect on <u>All</u> State Funds	(\$10,993,608)	(\$51,597,386)	(\$51,597,386)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

The **Joint Committee on Public Employee Retirement** indicates that this legislation is a “substantial proposed change” in future plan benefits as defined in Section 105.660(5), and as such, an actuarial cost statement must be provided prior to final action on this legislation by either legislative body or committee thereof.

The **Office of Administration (OA)** notes that the Missouri State Employees Retirement System will determine any possible cost through an actuarial report in the rate it certifies to OA.

Officials with the **State Highway Employees and Patrol Retirement System (HRS)** obtained an actuarial valuation for the proposal. They assume the proposal will increase the multiplier for non-uniformed individuals covered under the Closed Plan from 1.6 to 1.75%, and for uniformed patrol employees from 2.13 to 2.3332%. The multiplier for the Year 2000 Plan is increased from 1.7 to 1.85%. For individuals currently retired under the Year 2000 Plan, HRS states no multiplier increase will be realized, as they may not be designated as “special consultants.” HRS assumes the required contributions for employees of the Department of Transportation will increase \$8,861,420 yearly, while required contributions for the Missouri State Highway Patrol will increase \$1,575,450 yearly for non-uniformed employees and \$2,755,460 yearly for uniformed employees. Total contributions for the HRS are expected to increase \$13,192,330.

Officials with the **Missouri State Employees Retirement System (MOS)** obtained an actuarial valuation for the proposal. They assume the proposal will increase the current benefit formula multiplier in the Missouri State Employees Plan (MSEP) from 1.6 to 1.75% for all active, terminated-vested, and retired members. Additionally, they assume the legislation would increase the benefit formula multiplier in the Missouri State Employees Plan 2000 (MSEP 2000) from 1.7 to 1.85% for all active members. MOS assumes the required contributions for employees covered under the plans will increase \$38,405,056 yearly.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
VARIOUS STATE FUNDS			
Costs—MOS			
Increased Benefit Contributions	\$0	(\$38,405,056)	(\$38,405,056)
Costs—HRS			
Increased Benefit Contributions	(\$10,993,608)	(\$13,192,330)	(\$13,192,330)
NET EFFECT: VARIOUS STATE FUNDS	<u>(\$10,993,608)</u>	<u>(\$51,597,386)</u>	<u>(\$51,597,386)</u>

FISCAL IMPACT - Local Government

FY 2002
(10 Mo.)

FY 2003

FY 2004

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This bill changes the multiplier in the Missouri State Employees' Retirement System plans. In the closed plan for both MOSERS and the Transportation Department and Highway Patrol, the multiplier is changed from 1.6 to 1.75 percent; in the Year 2000 Plan, the multiplier is changed from 1.7 to 1.85 percent.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement
Office of Administration
State Highway Employees & Patrol Retirement System
Missouri State Employees Retirement System



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Director
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